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36th ANNUAL REPORT

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JAN 18 1972

For The Fiscal Year
Ended June 30, 1971



SANTEE-COOPER

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Santee-Cooper State Owned

The South Carolina Public Service Authority is an Agency and a part of the Government of the State of South Carolina. This ownership is unique in that the State has no investment whatever but still owns all of the properties and assets of the Public Service Authority. The original financing (1938-1942) was by the United States through the Public Works Administration, later Federal Works Agency, by loan and grant. In 1950, the Authority sold bonds in the private market for the construction of a steam-electric generating station, the Jefferies Steam Plant, and in 1967, bonds were again sold in the private market for construction of an addition to this plant along with related transmission facilities.

The Authority was established by Act No. 887 of the Acts of the General Assembly of South Carolina for the year 1934 for the purpose of developing the Cooper, Santee and Congaree Rivers as instrumentalities of interstate and intrastate commerce; for the production, distribution and sale of electric power; the reclamation and drainage of swampy and flooded land; and reforestation of lands around its lakes.

COVER

Jefferies Steam Plant, Switchyard, Hydro Plant and Navigation Lock.

36th Annual Report

FOR THE FISCAL YEAR ENDED JUNE 30, 1971

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SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
SANTEE-COOPER
ELECTRIC AND NAVIGATION SYSTEM
MONCKS CORNER, SOUTH CAROLINA 29461

Governor John C. West
Attorney General Daniel R. McLeod
Secretary of State O. Frank Thornton
State Treasurer Grady L. Patterson, Jr.
Comptroller General John Henry Mills
Members of the Advisory Board
Columbia, South Carolina

Gentlemen:

Submitted herewith in compliance with the provisions of Title 59, Section 2, Code of Laws of South Carolina, 1962, is the Thirty-Sixth Annual Report of the South Carolina Public Service Authority covering activities of the fiscal year ended June 30, 1971.

The statistics below reflect the Authority's successful operations for the past fiscal year.

<i>Statistical Highlights:</i>	Fiscal Year 1970-1971	Increase (Decrease) Over Prior Year
Power Generated Net	3,686,511,000 KWH	41.2%
Purchased and Interchanged	266,653,544 KWH	(41.4%)
Total Power to System	3,953,164,544 KWH	28.9%
Sales to Customers	3,728,007,668 KWH*	29.2%
Net Peak Hourly Load, 6-15-71	622,000 KW	11.5%
Electric Operating Revenue	\$33,498,870*	48.6 %
Operating & Maintenance Expenses	\$25,840,257	50.9%
Net Revenue	\$ 2,126,287	(7.4%)

During the past two years the Authority, following years of a relatively stable fuel market, has, like other utilities, experienced an increase in fuel costs of crises proportions. From July, 1969, to August, 1970, when the price of coal reached a record high, the Authority's costs increased by 57%. The same upward trend has taken place in oil purchases, the price rising by 114% during the time period from April, 1970, to a peak in March, 1971.

* Includes sales to South Carolina Electric & Gas Company.

Total fuel cost increase in fiscal year 1971 over fiscal year 1970 was 111% whereas total kilowatt hour sales increased 29%. The Authority has been successful in reversing its rising price trend and feels that its fuel costs are in line with those of other utilities. In light of the many factors which now influence the fuel market, the Authority does not envision a return to pre-1970 prices.

Despite increased cost of operation and maintenance, the Authority was able to meet all of its obligations while its customers continued to enjoy the benefits of low cost electric power.

For the Authority's more than 22,000 residential customers, the average cost of electricity was 1.66¢ per kilowatt-hour, more than 22% less than the national average of 2.13¢ per kilowatt-hour.

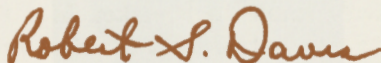
Debt service and Indenture requirements during the year amounted to \$5,314,705, all of which was paid from revenues.

During the past fiscal year, construction expenditures totaled \$6,205,120 and included \$3,256,229 to complete the Jefferies Steam Plant Addition; additions and improvements to the distribution systems amounted to \$1,531,949; and transmission system additions and improvements totaled more than \$700,000. Replacements and improvements to generating facilities amounted to more than \$400,000 including preliminary work on the restoration of the Jefferies Hydro Plant which was damaged by fire on February 25, 1970.

In order to fulfill its responsibilities to customers and to the people of South Carolina, the Authority, like other electric utilities, must plan generation, transmission and distribution facilities to meet the requirements of future years. Accordingly, at the close of the fiscal year, preliminary engineering and financial arrangements were in progress for an estimated \$100,000,000 expansion of the Authority's electric system including the construction of a 280 MW steam electric generating station at Georgetown.

The Authority recognizes its responsibilities and will continue to meet the challenge of satisfying the growing electrical requirements of its customers.

Respectfully submitted,



ROBERT S. DAVIS, *Chairman*
Board of Directors
South Carolina Public Service
Authority

Advisory Board



O. FRANK THORNTON
Secretary of State



DANIEL R. McLEOD
Attorney General



GRADY L. PATTERSON, JR.
State Treasurer



GOVERNOR JOHN C. WEST



JOHN HENRY MILLS
Comptroller General

Board of Directors



ROBERT S. DAVIS
Chairman
Columbia, S. C.



J. THOMAS GRIER
First Vice-Chairman
Spartanburg, S. C.



B. A. JORDAN
Second Vice-Chairman
Eastover, S. C.



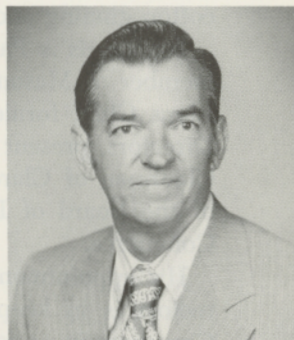
CLEATUS O. BRAZZELL
Director
Easley, S. C.



VERNON E. SUMWALT
Director
Rock Hill, S. C.



JOHN C. THOMPSON
Director
Conway, S. C.



W. B. DAVIS, JR.
Director
Summerton, S. C.

Our New Director



W. B. DAVIS, JR.

William B. Davis, Jr., of Summerton was appointed by Governor John C. West as a Member of the Board of Directors of the South Carolina Public Service Authority effective May 19, 1971.

A native of Clarendon County, Mr. Davis is the son of William B. Davis, Sr. and Ida Morrison Davis.

He attended Clemson University and the College of Charleston and served in the United States Air Force from 1941 until 1945.

Mr. Davis is married to the former Marjorie Bell of Hartsville, South Carolina and they have five children. He is a member of Summerton Baptist Church.

He is owner of the Goat Island Resort, engaged in farming, cotton ginning and is a merchant and real estate developer.

Mr. Davis is Past Commander of American Legion Post No. 35, member of Masonic Lodge 105, past President of the Summerton Lions Club, former member of the State Farm Bureau Board of Directors, present Chairman of Clarendon County Welfare Board, Chairman of Clarendon County Democratic Party and a member of the Board of Directors of the Clarendon County Chamber of Commerce.

His appointment as a Member of the Authority's Board of Directors is in keeping with the high standards previously set by Governors in appointing outstanding men to this important Board.

Management Personnel



J. B. THOMASON
General Manager

<i>Deputy General Manager</i>	CLARENCE S. GRAMLING
<i>Assistant General Manager</i>	H. N. CYRUS
<i>Director of Administration</i>	J. H. BATTE
<i>Director of General Services</i>	W. CARL WALSH
<i>Director of Community Relations and Industrial Development</i>	LUCAS C. PADGETT
<i>General Counsel</i>	WALLACE S. MURPHY
<i>Comptroller</i>	J. H. TIENCKEN
<i>Secretary-Treasurer</i>	L. P. DORMAN
<i>Manager of Production</i>	A. T. SECOR
<i>Manager of Transmission</i>	ALBERT BOYT, JR.
<i>Manager of Distribution</i>	D. E. JEFFCOAT
<i>Manager of Engineering</i>	H. M. HICKS, JR.

Review

On June 30, 1971, the Authority completed another year of successful operation which saw new records established for total generation, sales and operating revenues.

Electric Operating Revenue amounted to \$33,498,870, an increase of \$10,956,183 over the prior year. Included in this operating revenue were sales to the South Carolina Electric and Gas Company totaling \$5,069,710 under a sharing agreement between this company and the Authority.

Other Revenue amounted to \$739,794 excluding interest of \$188,372 from investment of Construction (Bond) Funds which was applied to offset construction costs.

Operating and Maintenance Expenses amounted to \$25,840,257, an increase of \$8,719,453 over the previous year, with \$7,584,650 of this increase due to the increased cost of fuel for generation and energy purchased for resale. Also contributing to increased operating and maintenance expenses were an increased accrual for the Central System "C & D" Loan Rental in the amount of \$107,904 and the cost of operating the new Jefferies Steam Plant Units 3 and 4 in the amount of \$607,138, exclusive of fuel costs.

Net Revenue available to meet Indenture requirements amounted to \$2,126,287 and was \$170,668 less than the prior year due primarily to the high cost of fuel for the generating plants.

Debt Service Requirements and Indenture Requirements were met in full during the year and included payment of interest on bonds in the amount of \$2,913,085, retirement of bonds in the amount of \$950,000, and payments on the Central Electric Power Cooperative, Inc. "A-B" Loans totaling \$436,820. In accordance with Indenture requirements, \$880,800 was set aside in the Debt Service Reserve Fund, and the Contingency Fund was increased by \$134,000. The above amounts paid and set aside totaled \$5,314,704, all of which was paid from revenues.

Payments to the State of the State of South Carolina totaling \$458,337 were made during the year in accordance with Indenture provisions which require that one-half of the monies remaining in the Revenue Fund at July 15 and January 15, which had been accumulated prior to July 1 and January 1, be paid to the State.

Taxes and Sums in Lieu of Taxes. The Authority paid sums in lieu of taxes amounting to \$119,893 during the past fiscal year. Annual payments to counties, in which the Authority owns property, are based on the taxes paid on the property prior to its acquisition by the Authority and semi-annual payments to municipalities are computed on the basis of the number of customers served each month by the Authority in each municipality. In addition, the Authority pays State Sales Tax on its purchases except those specifically exempted from this tax by law.

Equity of the State. As of June 30, 1971 the State of South Carolina owned an equity in the Authority amounting to \$73,540,801. In addition to this equity, the Authority had, over the years, made payments to the State totaling \$7,060,887. Thus, the total State equity and cash payments amount to \$80,601,688, all of which has been accomplished without any financial obligation or appropriation by the State of South Carolina.

Construction expenditures by the Authority during the fiscal year totaled \$6,205,120 and included expenditures on the Jefferies Steam Plant Addition in the amount of \$3,256,229. Expenditures by Central Electric Power Cooperative, Inc., for new facilities are not included in the above amount.

Additions, replacements, and improvements in the distribution system amounted to \$1,531,949.

Terminal equipment for the Jefferies Switchyard to St. George and North Charleston 115 Kv lines amounted to \$355,364. Improvements to the original Jefferies Steam Plant Building and Generating Units 1 and 2 totaled \$192,191 and included replacement of air preheaters, the improvement of fuel oil combustion, new condensor tubes in Unit No. 1, new stacks for Units No. 1 and 2 and new machine shop facilities.

Additions and improvements to lines and substations serving the Authority's wholesale customers amounted to \$102,956. A new 40 MVA transformer was installed at the Jefferies Switchyard at a cost of \$116,846, reconductoring the Jefferies Switchyard to spillway line amounted to \$41,435 and a new oil circuit breaker was installed at the Varnville Switching Station at a cost of \$21,472.

Expenditures on work in progress at the end of the fiscal year included \$201,597 expended on preliminary work in connection with the restoration of the Jefferies Hydro Plant necessitated by fire damage to this plant on February 25, 1970; the installation of

additional capacitors at the North Charleston Substation \$41,214; installation of a 20 MVA transformer at the Conway 115 Substation \$38,264 and the rebuilding of exhaust plenums on the gas turbine generating units \$17,169.

During the year, expenditures for automotive equipment amounted to \$67,278, tools and work equipment totaled \$19,515, and office machines, furniture and equipment purchases came to \$18,502.

At the close of the fiscal year, preliminary engineering and financial arrangements were in progress for an estimated \$100,000,000 expansion of the Authority's electric system, including construction of a 280 MW steam electric generating station at Georgetown and additions and improvements to its generation, transmission and distribution properties and general plant.



International Paper Company's Georgetown Plant is one of the Authority's large wholesale customers.

Central System

For more than twenty years the Authority has operated under agreements with Central Electric Power Cooperative, Inc., providing that certain transmission lines and related facilities and the D. M. Grainger Steam Electric Generating Plant, which were constructed by Central, be leased to and operated by the Authority. These facilities were constructed by Central with financing by the Rural Electrification Administration. Under these contractual agreements, the Authority's lease payments to Central are amounts sufficient to amortize Central's indebtedness to REA.

With the consent of more than 75% of the holders of the Authority's outstanding bonds, the Third Amendatory Indenture, dated October 1, 1970, became effective enabling the Authority to enter into an additional agreement with Central and establishing certain provisions for future Authority financing.

Additional Lease and Power agreements between the Authority and Central became effective April 29, 1971. The Lease agreement provides that Central, with REA financing, will construct additional transmission lines and related facilities at an estimated cost of \$17,336,000 and lease them to the Authority. The Power Contract includes a revised rate schedule applicable to the power and energy sold to Central, and a provision for an adjustment in the energy rate related to the cost of fuel burned by the Authority in the generation of electricity.

Listed below are the member cooperatives of Central Electric Power Cooperative, Inc., and the number of consumers in each:

Name of Cooperative	No. of Consumers
Aiken Electric Cooperative, Inc.	14,869
Black River Electric Cooperative, Inc.	11,132
Coastal Electric Cooperative, Inc.	4,475
Edisto Electric Cooperative, Inc.	7,005
Fairfield Electric Cooperative, Inc.	7,000
Horry Electric Cooperative, Inc.	11,407
Lynches River Electric Cooperative, Inc.	8,565
Marlboro Electric Cooperative, Inc.	3,609
Mid-Carolina Electric Cooperative, Inc.	9,484
Newberry Electric Cooperative, Inc.	5,700
Palmetto Electric Cooperative, Inc.	5,585
Pee Dee Electric Cooperative, Inc.	12,226

Name of Cooperative	No. of Consumers
Salkehatchie Electric Cooperative, Inc.	1,996
Santee Electric Cooperative, Inc.	21,076
Tri-County Electric Cooperative, Inc.	6,694
Total	<u>130,823</u>

In addition the Berkeley Electric Cooperative, Inc., is served directly by the Authority.



Dolphus M. Grainger Steam Electric Generating Station, Conway, S. C.

Community Relations

The Authority participated in more than seventy community programs which reached into every part of its retail service area. An entirely new film, "Santee-Cooper Country," was produced and shown. Information films of this type are effective in presenting the many aspects of the Authority to the public. This film has been particularly well received. A state-wide radio program was broadcast in conjunction with the state's Tri-Centennial Celebration. This unique series was based on roadside historical markers or signs, and created quite a bit of interest, especially among South Carolina history buffs.

Authority employees are involved in community, civic and religious projects and organizations. By taking such a role, they become the basis of our "Community Relations Program."

Industrial Development

Industries served by Santee-Cooper's transmission lines continued to make substantial growth as measured by power consumption expressed in kilowatt-hours. Taken as a whole, industrial power consumption increased more than 10% over the previous year. What is even more remarkable is that in a year marked by economic uncertainties, 76% of the industries showed an increase in electricity usage.

Interesting developments of note are new processes initiated by existing customers. The Georgia-Pacific Corporation began construction of a particle board plant adjacent to its Southern Pine Plywood Plant in Russellville. This large facility will manufacture building materials from pine and hardwood chips secured from local saw mills. Midrex Corporation completed its building program and began to supply the electric furnaces of the Georgetown Steel Corporation, its next door neighbor, with sponge iron pellets. At a cost of approximately \$17,000,000 Airco Alloys (Air Reduction Co., Inc.) installed two new electric furnaces, each having a capacity of 35,000 kilowatts, and installed huge electro-static precipitators to control air pollution created by these furnaces. This operation is reported to be the largest producer of ferro-chromium in the world. Airco Alloys is the largest consumer of electrical energy in South Carolina.



Midrex Plant at Georgetown with Conveyor to Georgetown Steel Corporation's Plant.

Balance Sheet

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

BALANCE SHEET — JUNE 30, 1971

ASSETS

Fixed Assets:		
Electric Plant (Net)	\$138,540,980	
Other Physical Property (Net)	347,340	
		\$138,888,320
Impounded Reserve Funds:		
Invested in U. S. Government Securities	\$ 11,436,530	
Cash Held by Trustee	931,861	
		12,368,391
Construction Funds:		
Investments	\$ 1,086,208	
Cash Held by Trustee	1,429,098	
		2,515,306
Current Assets:		
Funds Held by Trustee and Miscellaneous		
Funds	\$ 3,642,680	
Other Current Assets, Accounts Receivable		
Inventories, etc.	7,098,607	
		10,741,287
Deferred Debits:		
Unamortized Debt Discount and Expenses	\$ 992,053	
Other Deferred Debits	773,584	
		1,765,637
Total		<u>\$166,278,941</u>

LIABILITIES

Long-Term Debt:		
Parity Obligations:		
Electric Revenue Bonds, 2½%, Due Serially		
July 1, 1972 - 1989	\$ 17,389,000	
Electric Revenue Bonds, 2¾ - 2.70%, Due		
Serially July 1, 1972 - 1993	12,635,000	
Electric Revenue Bonds, Series of 1967	51,600,000	
Contract Obligation	4,989,008	
		\$ 86,613,008
Current Liabilities:		
Accounts Payable	\$ 3,288,501	
Customer Surety Deposits	443,412	
Other Current Liabilities	162,006	
		3,893,919
Long-Term Lease Commitments, Reserve for		
Future Rental Payments	\$ 2,231,213	
Contributions in Aid of Construction:		
Customer Contribution for Construction	\$ 73,416	
Capital Contributions—U. S. Government		
Grants	34,438,264	
		34,511,680
Accumulated Net Revenues to Date		39,029,121
Total		<u>\$166,278,941</u>

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

STATEMENT OF NET REVENUE

YEAR ENDED JUNE 30, 1971

Electric Operating Revenues:

Sales of Electricity	\$ 32,853,486
Other Electric Revenues	645,384

\$ 33,498,870

Electric Operating Revenue Deductions:

Operating Expenses:

Purchased Power for Resale	\$ 1,843,871
Fuel for Generating Stations	16,855,872
Accrual for Rental of "C" and "D" Systems ..	1,458,416
Other Operating Expenses	5,682,098
Provision for Depreciation	3,075,976
Sums in Lieu of Taxes	119,893

Total Electric Operating Revenue

Deductions 29,036,126

Operating Revenue \$ 4,462,744

Other Revenue 726,723

Total \$ 5,189,467

Revenue Deductions:

Interest on Long-Term Debt	\$ 3,013,281
Interest on Customer Deposits	14,095
Amortization of Debt Discount and Expenses ..	35,804

3,063,180

Net Revenue \$ 2,126,287

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

MAJOR PAYMENTS DURING THE FISCAL YEARS ENDED JUNE 30, 1970 AND 1971

Debt Service Payments:

Parity Obligations:

Interest on Funded Debt:	1970	1971
F.W.A. Bonds	\$ 472,100	\$ 453,600
Steam Plant Bonds (Series of 1950)	349,685	345,060
Steam Plant Bonds (Series of 1967)	2,114,425	2,114,425
Central Transmission System (A-B Loan) ...	106,513	100,196

Interest Payments	<u>\$ 3,042,723</u>	<u>\$ 3,013,281</u>
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Payments on Principal:

F.W.A. Bonds	\$ 740,000	\$ 755,000
Steam Plant Bonds (Series of 1950)	185,000	195,000
Central Transmission System (A-B Loan) ...	330,307	336,623

Principal Payments	<u>\$ 1,255,307</u>	<u>\$ 1,286,623</u>
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Reserve Funds Mandatory Requirements:

Debt Service Reserve Fund	\$ 880,800	\$ 880,800
Contingency Fund	34,000	134,000
Capital Improvement Fund "C" Loan		
Reserve	8,657	8,657
Capital Improvement Fund "D" Loan		
Reserve (1)	117,943	(394,200)

Total Debt Service and Reserves	<u>\$ 5,339,430</u>	<u>\$ 4,929,161</u>
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Other Major Expenditures:

Fuel for Generating Stations	\$ 7,988,079	\$16,855,872
Rental Payments on "C" and "D" Transmission		
Systems	1,350,482	1,458,416
Necessary New Construction (2)	11,801,494	4,662,202
Salaries and Wages (3)	3,523,614	4,070,654
Payments to the State of South Carolina	893,776	458,337
Power Purchased for Resale	3,523,614	1,886,895

(1) Credit figure is result of adjustment made to conform with Indenture requirements.

(2) Includes Expenditures on Construction of Jefferies Plant Addition.

(3) Includes Salaries and Wages Charged to Construction.

Net Generation and Sales

The Authority's generating facilities, including the Grainger Steam Plant leased from Central Electric Power Cooperative, Inc., have a total generator nameplate rating of 765,835 Kw with a net capability of 734,000 Kw.

Total net generation during the past fiscal year was 3,686,511,000 kilowatt-hours, a new record for the Authority, and exceeded that of the previous year by 1,075,042,000 kilowatt-hours.

Total net hydro generation for the year was 677,168,000 kilowatt-hours, 145,476,000 kilowatt-hours more than the previous year and steam net generation totaled 3,007,566,000 kilowatt-hours, 935,911,000 kilowatt-hours more than the preceding year. The gas turbine plants generated a net total of 1,777,000 kilowatt-hours and the Authority purchased and interchanged a total of 266,653,544 kilowatt-hours for a total net generated and purchased of 3,953,164,544 kilowatt-hours.

Net sales after transmission and distribution losses and exclusive deliveries to South Carolina Electric & Gas Company amounted to 3,097,080,668 kilowatt-hours, the highest in the Authority's history.

During the past five years, net sales to Authority customers have increased 1,240,048,000 kilowatt-hours or more than 66 per cent. In the same period, the net peak hourly load on the Authority's system has increased from 348,000 kilowatts in 1965-1966 to 622,000 kilowatts on June 15, 1971, an increase of 78.7 per cent.

NET GENERATION, PURCHASES AND NET SALES 1966 - 1970

(KWH in Thousands)

Year	Hydro Generation	Steam Generation	Gas Turbine Generation	Pur- chased Power	Net Sales
1966	619,683	599,432	196	759,226	1,857,033
1967	453,840	1,453,929	-74*	259,087	2,025,525
1968	670,194	1,388,410	355	355,892	2,244,808
1969	622,825	1,668,192	2,602	396,598	2,509,799
1970	531,692	2,071,655	8,122	454,980	2,886,500
1971	677,168	3,007,566	1,777	266,654	3,097,081**

* Negative figure as a result of station use.

** Exclusive of sales to South Carolina Electric & Gas Company.



Aerial view of a portion of Myrtle Beach, South Carolina.

Retail Service Areas

The Authority's retail service areas are comprised of the Berkeley District serving Moncks Corner, Pinopolis and St. Stephen; the Conway District serving Conway and Loris; and the Myrtle Beach District serving South Carolina's coastal area from the North Carolina line to Winyah Bay near Georgetown.

From 1943 to 1971, the total number of retail customers in these areas increased from 3,923 to 28,036, of which 22,010 are residential customers. During this time, the total retail sales increased from approximately 8 million Kwh to more than 447 million Kwh. The average annual Kwh usage per residential customer was 9,575 Kwh as compared with the national average of 7,184 Kwh. The average cost per Kwh to the Authority's residential customers was 1.66¢ per Kwh contrasting with the national average of 2.13¢, or more than 22% less than the national average.

During the past fiscal year construction expenditures in the retail service areas totaled \$1,531,949. This sum is comprised of additions and improvements to distribution lines and retail customer service connections amounting to \$735,410, new metering and transformer equipment and installations costing \$424,423, and additions and improvements to distribution substations and connecting transmission lines in the amount of \$372,116.

As of June 30, 1971, the Authority's total investment in its retail systems including buildings, distribution substations and connecting transmission lines amounted to \$17,410,853 exclusive of depreciation, an increase of more than 16 million dollars since 1945 when the investment in these systems amounted to \$1,039,083.

In the Conway District, service was provided to a new 100-unit apartment complex and to a major addition to the Horry-Georgetown Technical Education Center.

In the Myrtle Beach District, service was provided to the new Coastal Academy private school, which is the first totally electric school on the Authority's distribution system. Service was also provided to numerous new motels which included the 100-unit, 11-story Yachtmen, the Ramada, the Blockade Runner, and a large addition to the Cabana Terrace. These motels also are totally electric. One hundred thirty-seven mercury vapor street lights were installed in municipalities along the Grand Strand. Underground service was provided to the new Holiday Shores Mobile Home Park and to Campsites in North Myrtle Beach. Service was

also provided to the Grand Strand Plaza Shopping Center, which includes two large chain stores and four smaller commercial businesses. This shopping center is served by 34 Kv underground distribution. Service was provided to four new mobile home parks and to numerous additions to existing mobile home parks. In addition to the above, numerous new residences were provided service.

In the Berkeley District, service was provided to the new Helmly Subdivision in Moncks Corner and to numerous new residences in existing subdivisions in Moncks Corner, Pinopolis and St. Stephen.

Three hundred ninety-four (394) 175 watt and fifty-four (54) 400 watt rental mercury vapor lights were added during the fiscal year to the Authority's distribution system.



Authority Employees participate in Civil Defense Program. L. to R.: James Hayes, Freeman Chestnut, T. E. Gibbons, Eugene Gore and Curtis L. Williamson.

Safety and Training

For the third consecutive fiscal year, the Authority received the First Place Award in the safety contest sponsored by the American Public Power Association for those utilities which have worked over one-million manhours per year. For the third time in as many years, Jefferies Hydro Plant earned the National Safety Council's "CERTIFICATE OF COMMENDATION" for having worked a total of 797,500 manhours without a disabling injury from September 5, 1957 to December 31, 1970.

At the South Carolina Occupational Safety Council's Conference in October, 1970, the Authority received the First Place Award in the Council's Public Utilities Section Safety Contest for the fiscal year ended June 30, 1970. Five of the Authority's reporting units won awards for working five years without a disabling injury.

For working the entire 1970 calendar year without a disabling injury, 483 individuals received safety incentive awards. Safe Driving Pins were earned by sixty-three drivers and nine employees were individually recognized for their use of safety devices in preventing personal injury.

The coveted "General Manager's Safety Award" was presented to 32 foremen and supervisors on behalf of their crews who worked the entire 1970 year without a disabling injury.

Fiscal year 1971 had five chargeable disabling injuries and 40 medical treatment cases. Inasmuch as an average of 581 employees worked a total of 1,252,040 manhours, these disabling injuries gave the Authority a frequency rate of 3.98 (number of disabling injuries per million employee hours of exposure) and a severity rate of 3820.96 (number of days lost per injury per million employee hours of exposure). The Authority's accident frequency rate of 3.98 was considerably below the national average of 6.44 for the Electric Utility Industry for the year 1970.

Coordinated training activities during fiscal year 1971 resulted in the successful completion of the following courses by number of employees indicated: Defensive Driving Course—32; Supervisory Leadership Course—89; American Red Cross First Aid: Advanced—27; Basic—36.

Land

The Santee-Cooper Comprehensive Development Plan was prepared by Wilbur Smith and Associates and Lyles, Bissett, Carlisle & Wolfe Architects/Engineers/Planners. This study was sponsored by the Authority, the South Carolina Department of Parks, Recreation and Tourism and by the five counties surrounding the lakes. This study will be utilized as a guide in implementing future development of Authority recreational lands.

A program of leasing lots in new subdivisions by means of extending invitations to applicants of record by priority of application was successfully conducted for the first time during the year. Each applicant, who had applied for a lot in a given subdivision, was invited to meet Land Division personnel on the site, at a predetermined time and date, for the purpose of leasing available lots.

The Authority has over 3,401 recreational lots with 2,690 under lease. All inquiries concerning the rental of Authority properties should be addressed to: Chief, Land Division, South Carolina Public Service Authority, Post Office Box 398, Moncks Corner, South Carolina 29461, Telephone Number 899-2121, Area Code 803.



A scene at the Authority's Overton Subdivision on Lake Moultrie.

Recreation



The excitement of hooking a landlocked striped bass.

Unexcelled recreational opportunities are afforded by Santee-Cooper's two great lakes, Marion and Moultrie. With a total of 171,000 acres of water and 450 miles of shore line, these lakes are the focal point of the "Santee-Cooper Country" recreational area. Each year this area attracts thousands of visitors from all sections of the country for fishing, swimming, boating, water skiing, picnicking, camping, hunting, golfing and sight-seeing.

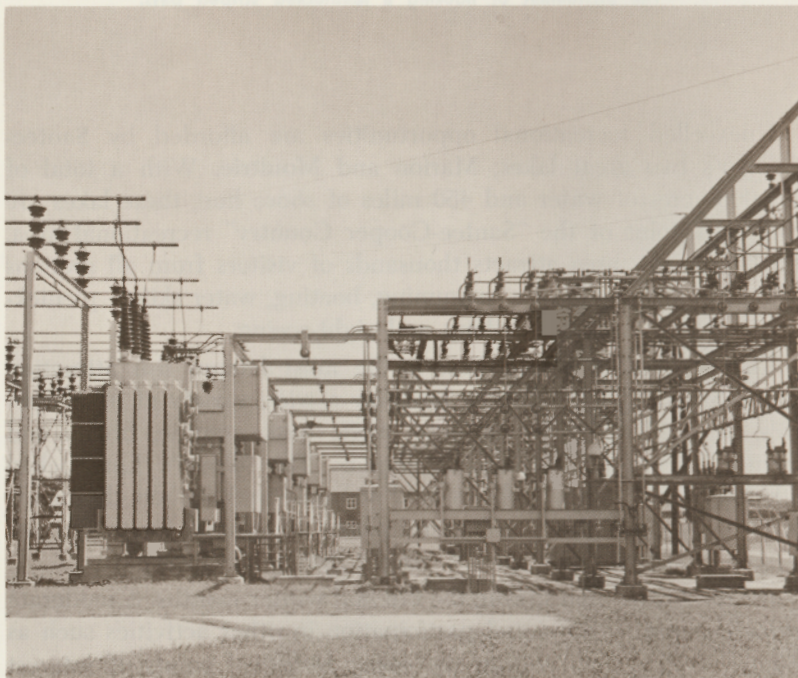
The landlocked striped bass is the most famous fish attraction in the Santee-Cooper waters; however a wide variety of other species, including large-mouth bass, white bass, crappie, bream and catfish, offer prize catches to anglers. The World's Landlocked Striped Bass Fishing Derby is held annually and attracts thousands of participants. Weekly and grand prizes are offered for the largest striped bass and other species caught during the event.

Hunting is popular during the fall and winter months. A moderate climate permits year-round participation in other activities such as fishing, golfing and visiting the many historical points of interest in the area.

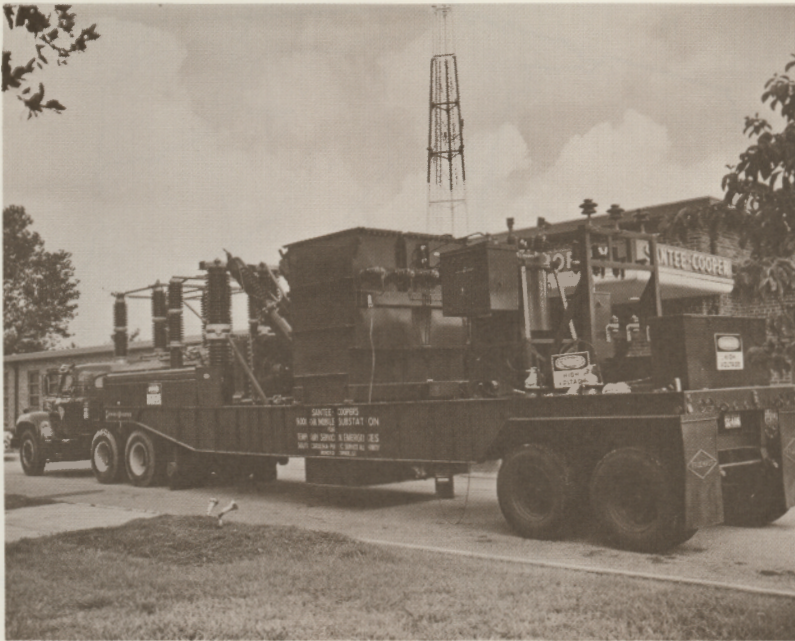
Transmission System

Upon energizing new transmission lines from Columbia to Blythewood, Congaree to Swansea and Sandy Run, St. George to Varnville, Pinopolis to St. George and Pinopolis to Faber Place, the Transmission Department now maintains over 2,150 miles of transmission lines throughout the state. Many of these lines were constructed by the Central Electric Power Cooperative, Inc., but are operated and maintained by the Authority. The transmission system delivers dependable electric power to customers in thirty-five (35) South Carolina counties and includes the retail systems of Berkeley, Conway and Myrtle Beach districts, twenty-three (23) wholesale industrial customers, three (3) large military establishments, two (2) city-owned systems, the Berkeley Electric Cooperative, Inc. and fifteen (15) cooperatives which are members of Central Electric Power Cooperative, Inc.

Improvements were made during the fiscal year to existing transmission station facilities at St. George, Aiken, Varnville, Hilton



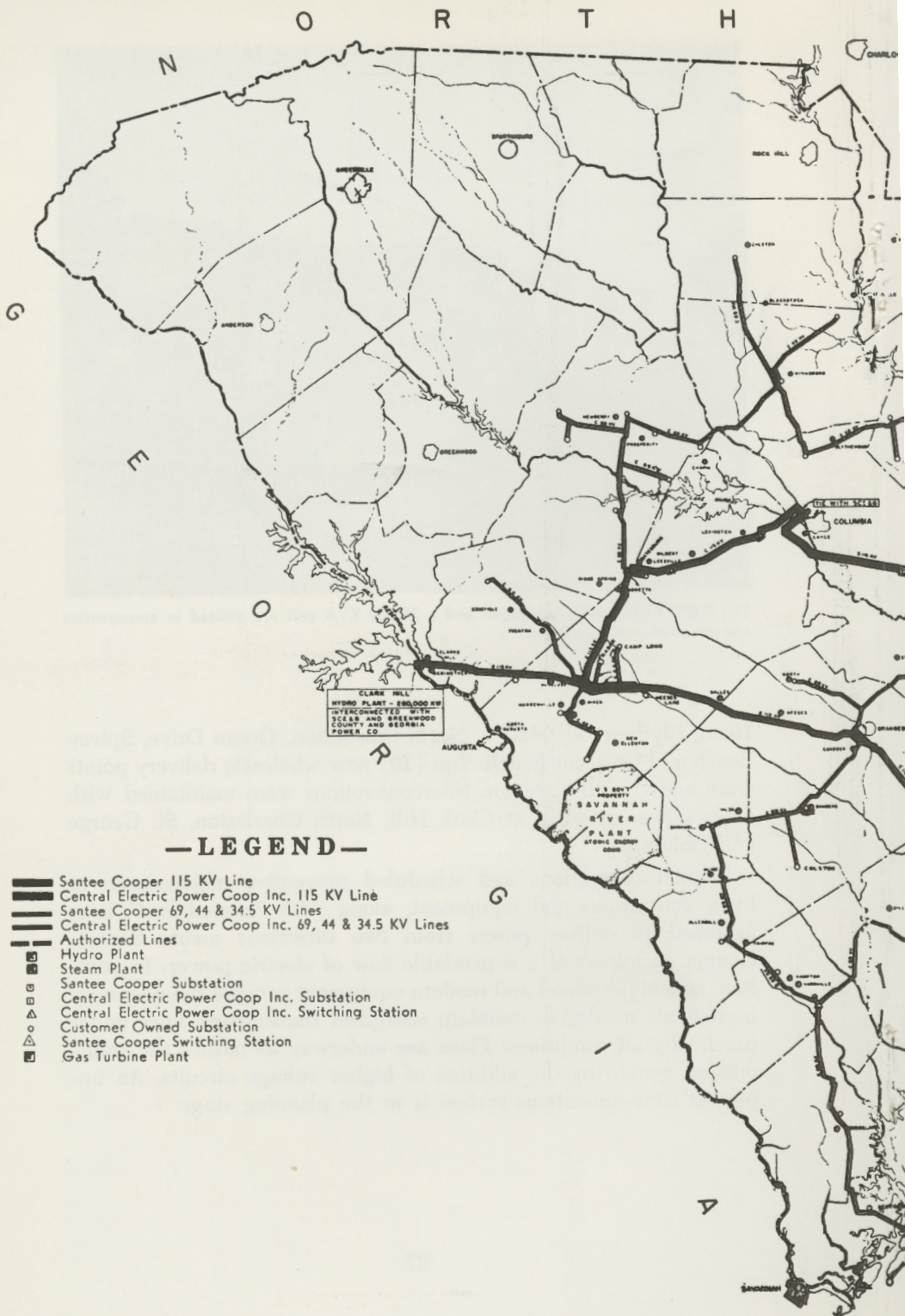
A portion of the Authority's North Charleston substation.



This 9,000 KVA mobile substation and a 25,000 KVA unit are utilized in emergencies and maintenance operations.

Head, Blythewood, McBee, North Charleston, Ocean Drive, Spivey Beach and Crescent Beach. Ten (10) new wholesale delivery points were added to the system. Interconnections were maintained with other power agencies at Clark Hill, North Charleston, St. George and Columbia.

Regular inspections and scheduled preventive maintenance of lines, substations and equipment, along with "looped-feed" lines arranged to deliver power from two directions assure Santee-Cooper customers of a dependable flow of electric power. In addition, skilled personnel and modern equipment provide the necessary ingredients needed to maintain energized transmission lines under practically all conditions. Plans are underway to bolster the transmission system by the addition of higher voltage circuits. An improved communications system is in the planning stage.



TRANSMISSION SYSTEM

CHARLOTTE C SOUTH CAROLINA PUBLIC SERVICE AUTHORITY



Annual Audit

J. W. HUNT AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

August 6, 1971

The Advisory Board
South Carolina Public Service Authority
Columbia, South Carolina

Gentlemen:

We have examined the balance sheet of the South Carolina Public Service Authority as at June 30, 1971, and the related statements of revenue and expenses and accumulated net revenues for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Our report, prepared as the result of such examination, is presented herewith and consists of seven (7) exhibits and two (2) schedules, as indexed.

In our opinion, the accompanying balance sheet and the statements of revenue and expenses and accumulated net revenues present fairly the financial position of the South Carolina Public Service Authority as of June 30, 1971, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with prior years.

Respectfully submitted,

J. W. HUNT & COMPANY.

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

INDEX, JUNE 30, 1971

EXHIBITS:

- A Balance Sheet**
- B Statement of Accumulated Net Revenues**
- C Statement of Revenue and Expenses**
- D Statement of Operating and Maintenance Expenses**
- E Condensed Summary of Receipts and Disbursements**
- F Statement of Source and Application of Funds**
- G Notes to Financial Statements**

SCHEDULES:

- 1 Statement of Funds Held by Trustee for Specific Purposes**
- 2 Statement of Miscellaneous Funds**

EXHIBIT A
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Balance Sheet, June 30, 1971

ASSETS

Electric Plant, at Original Cost—Note 1:

Electric plant in service	\$ 169,017,533.02	
Less, reserve for depreciation	33,581,639.04	\$ 135,435,893.98

Construction work in progress		2,539,729.05
Electric plant held for future use	682,954.60	
Less, reserve for depreciation	117,597.16	565,357.44

Total electric plant		138,540,980.47
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Construction Funds Held by Trustee Pursuant to Indenture Requirements—

Schedule 1—Note 2		2,356,124.08
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Impounded Reserve Funds—Schedule 1—Note 2		12,368,391.34
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Other Physical Property	425,352.98	
Less, Reserve for depreciation	78,013.07	347,339.91

Current Assets:

Funds held by Trustee—schedule 1	2,175,684.69	
Miscellaneous funds—schedule 2	1,384,046.66	
Notes receivable	1,170.00	
Accounts receivable, less reserve for doubtful accounts	3,061,911.93	
U. S. Treasury securities—schedule 2	251,338.68	
Accrued interest receivable	101,098.24	
Materials and supplies (at average cost)	3,890,319.60	
Prepayments (insurance, etc.)	34,898.01	10,900,467.81

Deferred Debits:

Unamortized debt discount and expense	992,053.16	
Preliminary survey and investigation charges	182,303.20	
Other	591,280.63	1,765,636.99

Total		<u>\$ 166,278,940.60</u>
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See Accompanying Notes to Financial Statements

LIABILITIES

Long-Term Debt—Note 4:			
Electric revenue bonds	\$	81,624,000.00	
Contract obligation		4,989,008.22	\$ 86,613,008.22
<hr/>			
Current Liabilities (Exclusive of Monthly Payments to Trustee for Debt Service Re-			
quirements—Note 4, and Payments to the State of South Carolina—Note 3):			
Accounts payable		2,782,448.95	
Customer deposits		380,507.18	
Accrued sums in lieu of taxes		61,126.35	
Other		102,534.69	3,326,617.17
<hr/>			
Construction Fund Liabilities—			
Accounts payable			506,051.70
Long-Term Lease Commitments—Note 5—Accumulated Reserve for Future Rental			
Payments			2,231,212.79
Deferred Credit (Deferred Income from Termination of Long-Term Power Contract) ..			61,250.00
Contributions in Aid of Construction:			
Customer contribution for construction		73,416.44	
Capital contribution—U. S. Government Grants		34,438,263.79	34,511,680.23
<hr/>			
Accumulated Net Revenues			39,029,120.49
<hr/>			
Total			\$ 166,278,940.60
<hr/>			

EXHIBIT B

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

**Statement of Accumulated Net Revenues,
April 7, 1934, through June 30, 1971**

Accumulated Net Revenues, June 30, 1970	\$ 37,361,170.25
Net Revenue for the Year—Exhibit C	2,126,287.15
	<hr/>
Total	\$ 39,487,457.40
Less, Authorized Distribution to the State of South Carolina	458,336.91
	<hr/>
Accumulated Net Revenues, June 30, 1971	\$ 39,029,120.49
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

EXHIBIT C

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Statement of Revenue and Expenses, Year Ended June 30, 1971

Electric Operating Revenues:

Sale of electricity:	
Residential	\$ 3,493,953.57
Commercial	1,965,986.30
Industrial	10,205,805.05
Public street and highway lighting	106,634.86
Other sales to public authorities	2,359,373.04
Sales to other utilities	14,656,292.85
Other sales	65,439.94
Total sales of electricity	\$ 32,853,485.61

Other operating revenues:

Forfeited discounts	\$ 87,683.52
Land rentals	370,153.62
Miscellaneous	187,546.85

Total other operating revenues\$ 645,383.99

Total electric operating revenues\$ 33,498,869.60

Electric Operating Expenses:

Operating and maintenance expense—exhibit D:	
Power production expenses	\$ 22,335,462.36
Transmission expenses	1,327,252.02
Distribution expenses	469,896.54
Customer accounts expenses	310,846.34
Sales expenses	156,154.78
Administrative and general expenses	1,240,644.87

Total operating and maintenance
expenses\$ 25,840,256.91

Depreciation 3,075,976.27
Sums in lieu of taxes 119,892.70

Total electric operating expenses\$ 29,036,125.88

Operating Income\$ 4,462,743.72

S. C. STATE LIBRARY

EXHIBIT C—Continued

**Statement of Revenue and Expenses
Year Ended June 30, 1971**

Other Income:

Interest income	\$ 739,794.19	
Less, reforestation expenses, etc.	13,070.58	726,723.61
		<hr/>
Total		\$ 5,189,467.33

Interest Charges:

Interest on long-term debt	\$ 3,013,281.34	
Amortization of debt discount and expense	35,804.20	
Interest on customers' deposits .	14,094.64	3,063,180.18
		<hr/>
Net Revenue		\$ 2,126,287.15

See Accompanying Notes to Financial Statements

EXHIBIT D**SOUTH CAROLINA PUBLIC SERVICE AUTHORITY****Statement of Operating and Maintenance Expenses,
Year Ended June 30, 1971****Power Production Expenses:****Electric Generation—Steam Power:****Operations:**

Supervision and engineering	\$ 103,146.34
Fuel:	
Oil	2,916,468.33
Coal	14,037,067.12
Steam expenses	320,362.17
Electric expenses	248,887.89
Miscellaneous	144,825.80
Rental "D" Loan System	1,100,474.88

Total operations	\$ 18,871,232.53
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Maintenance:

Supervision and engineering	\$ 83,389.53
Structures	17,448.59
Boiler plant	470,451.99
Electric plant	285,125.96
Miscellaneous	22,294.96

Total maintenance	\$ 878,711.03
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Total power production expense—

steam power	\$ 19,749,943.56
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Electric Generation—Hydraulic Power:**Operations:**

Supervision and engineering	\$ 34,375.90
Hydraulic expenses	252,003.24
Electric expenses	86,240.66
Miscellaneous	45,766.28

Total operations	\$ 418,386.08
------------------------	---------------

Maintenance:

Supervision and engineering	\$ 12,860.15
Structures	6,293.31
Reservoirs, dams and waterways	139,817.07
Electric plant	47,866.94
Miscellaneous	39,244.82

Total maintenance	\$ 246,082.29
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Total power production expense—

hydraulic power	\$ 664,468.37
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EXHIBIT D—Continued

Statement of Operating and Maintenance Expenses Year Ended, June 30, 1971

Electric Generation—Gas Turbine Power:

Operations:

Supervision and engineering	\$ 19.78
Fuel	34,598.69
Generation expenses	699.47
Miscellaneous	35.54
Total operations	<u>\$ 35,353.48</u>

Maintenance:

Supervision and engineering	\$ 1,249.29
Generation and electric equipment	3,456.44
Miscellaneous	1.20
Total maintenance	<u>\$ 4,706.93</u>

Total power production expenses— gas turbine power	<u>\$ 40,060.41</u>
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Other Power Supply Expenses:

Purchased power	\$ 1,843,871.19
System control and dispatching	31,402.78
Other	5,716.05

Total other power supply expenses ...	<u>\$ 1,880,990.02</u>
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Total power production expenses	<u><u>\$ 22,335,462.36</u></u>
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Transmission Expenses:

Operations:

Supervision and engineering	\$ 78,596.44
Load dispatching	53,121.58
Station expenses	139,711.42
Overhead line expenses	132,813.21
Miscellaneous	17,252.05
Rental "C" Loan System	260,383.64
Rental "D" Loan System	97,557.12

Total operations	<u>\$ 779,435.46</u>
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EXHIBIT D—Continued

Statement of Operating and Maintenance Expenses Year Ended, June 30, 1971

Maintenance:

Supervision and engineering	\$ 3,397.01
Structures	2,876.28
Station equipment	170,138.49
Overhead lines	371,028.62
Miscellaneous	376.16

Total maintenance	\$ 547,816.56
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Total transmission expenses	\$ 1,327,252.02
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Distribution Expenses:

Operations:

Supervision and engineering	\$ 88,166.02
Load dispatching	4,389.44
Station expense	51,039.83
Overhead line expenses	30,756.01
Street lighting and signal system expenses ..	11,896.42
Meter expenses	70,361.96
Customer installation expense	6,393.34
Miscellaneous	40,745.54
Rents	3,280.00
Underground line expenses	354.99

Total operations	\$ 307,383.55
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Maintenance:

Supervision and engineering	\$ 2,149.71
Structures	246.71
Station equipment	10,928.78
Overhead lines	114,494.94
Line transformers	2,916.61
Street lighting and signal system expense ..	11,618.48
Meters	13,075.74
Miscellaneous	6,528.03
Underground line expenses	553.99

Total maintenance	\$ 162,512.99
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Total distribution expenses	\$ 469,896.54
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EXHIBIT D—Continued

Statement of Operating and Maintenance Expenses Year Ended, June 30, 1971

Customer Accounts Expenses:

Supervision	\$ 7,089.40
Meter reading expenses	71,738.11
Customer records and collection expenses	214,178.56
Uncollectible accounts	8,302.69
Miscellaneous	9,537.58
Total customer accounts expenses	<u>\$ 310,846.34</u>

Sales Expenses:

Supervision	\$ 39,321.19
Demonstrating and selling	33,429.41
Advertising	79,863.80
Miscellaneous	3,540.38
Total sales expenses	<u>\$ 156,154.78</u>

Administrative and General Expenses:

Salaries	\$ 402,565.94
Office supplies and expenses	77,716.20
Outside services employed	161,437.54
Property insurance	113,611.59
Injuries and damages	88,390.70
Insurance	50,118.22
Somerset Point	14,359.14
Regulatory commission expenses	8,839.64
Miscellaneous	122,051.48
Public relations	84,428.82
Rents	51,419.90
Maintenance of general plant	65,705.70

Total administrative and
general expenses

	<u>\$ 1,240,644.87</u>
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Total operating and
maintenance expenses

	<u>\$ 25,840,256.91</u>
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See Accompanying Notes to Financial Statements

EXHIBIT E
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Condensed Summary of Receipts and Disbursements,
Year Ended June 30, 1971

REVENUE FUND

SOURCE—All revenue received by the Authority and derived from the ownership or operation of the System or any part thereof.

USE—For transfer to the various funds as set forth in the bond indentures.

Summary of Activity During Year:

Balance, June 30, 1970	\$ 1,141,585.79	
Receipts—Revenue and related collections	34,542,457.69	
Total	\$ 35,684,043.48	

Disbursements:

Transfers to other funds:

Operating Fund	\$ 27,454,243.11	
Interest Fund	2,913,085.00	
Bond Fund	1,386,819.60	
Debt Service Reserve Fund	880,800.00	
Contingency Fund	134,000.00	
Capital Improvement Fund	633,326.82	
Special Reserve Fund	458,336.90	

Total

\$ 33,860,611.43

Authorized distribution to State of South

Carolina	458,336.91	34,318,948.34
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Balance, June 30, 1971 (for use as indicated above) \$ 1,365,095.14

OPERATING FUND

SOURCE—Transfers from Revenue Fund.

USE—Reasonable and proper costs of operation and maintenance of the System.

Summary of Activity During Year:

Balance, June 30, 1970 \$ 880,588.81

Receipts:

Transfers from Revenue Fund	\$ 27,454,243.11	
Transfers from Special Reserve Fund	32,744.12	
Reimbursements from Capital Improvement		
Disbursing Account	17,813.68	27,504,800.91

Total \$ 28,385,389.72

Disbursements:

Power purchased	\$ 1,886,894.81	
Payrolls	4,098,528.10	
Fuel and freight	17,030,821.16	
Rental of "C" and "D" Systems	1,601,160.62	
Other	2,801,154.02	27,418,558.71

Balance, June 30, 1971 (for use as indicated above) \$ 966,831.01

EXHIBIT E—Continued

Condensed Summary of Receipts and Disbursements Year Ended June 30, 1971

INTEREST FUND

SOURCE—Transfers from Revenue Fund (monthly transfers of 1/6 of the semi-annual interest payment next to become due).

USE—Payment of interest on bonds.

Summary of Activity During Year:

Balance, June 30, 1970	\$	—
Receipts—transfers from Revenue Fund		2,913,085.00
Total	\$	2,913,085.00

Disbursements—Payment of interest on bonds:

Original Electric Revenue Bonds	\$	453,600.00	
Electric Revenue Bonds, Series of 1950 ..		345,060.00	
Electric Revenue Bonds, Series of 1967 ..		2,114,425.00	2,913,085.00

Balance, June 30, 1971	\$	—
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BOND FUND

SOURCE—Transfers from Revenue Fund (monthly transfers of 1/12 of the amount of bonds to be retired at the next July 1).

USE—Payment of the principal of the bonds.

Summary of Activity During Year:

Balance, June 30, 1970	\$	—
Receipts—Transfers from Revenue Fund		1,386,819.60
Total	\$	1,386,819.60

Disbursements:

Payments on contractual obligation to Central Electric Power Cooperative, Inc.:

Current interest	\$100,196.34	
Principal	319,601.52	
Accumulated interest ..	17,021.74	\$ 436,819.60

Retirement of bonds:

Original Electric Revenue Bonds	755,000.00	
Electric Revenue Bonds, Series of 1950	195,000.00	950,000.00
		1,386,819.60

Balance, June 30, 1971	\$	—
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EXHIBIT E—Continued

Condensed Summary of Receipts and Disbursements Year Ended June 30, 1971

DEBT SERVICE RESERVE FUND

SOURCE—\$2,425,000.00 originally set aside to cover requirements of the Interest Fund and the Bond Fund on the original bonds for twenty-four months. Additional transfers from the Revenue Fund are also required by the supplemental indentures covering the issuance of additional bonds and also the contract obligation with the Central Electric Power Cooperative, Inc.

USE—To make good any differences in the Interest Fund or the Bond Fund.

Summary of Activity During Year:

Balance, June 30, 1970	\$	7,396,912.88
Receipts:		
Transfers from Revenue Fund	\$	880,800.00
Net premiums purchased on securities (re-		
imbursed from Operating Fund)	22,271.39	903,071.39
Total	\$	8,299,984.27
Deduction—Accrued interest purchased (to		
be reimbursed from Operating Fund)		928.18
Balance, June 30, 1971 (for use as indicated above)	\$	8,299,056.09

CONTINGENCY FUND

SOURCE—\$650,000.00 original transfer from Revenue Fund and additional transfers required by the various trust indentures.

USE—To make good any differences in amounts required to be set aside from the Revenue Fund into the Debt Service Reserve Fund and may be used for paying the cost of extraordinary maintenance, repairs, and replacements of the System and to make good any deficiencies in the Interest Fund or the Bond Fund.

Summary of Activity During Year:

Balance, June 30, 1970	\$	767,214.39
Receipts:		
Transfers from Revenue Fund		134,000.00
Insurance proceeds from hydro-plant fire		803,222.30
Total	\$	1,704,436.69
Deduction—		
Transfers to Temporary Contingency Checking Account ...	\$	138,449.56
Balance, June 30, 1971 (for use as indicated above)	\$	1,565,987.13

EXHIBIT E—Continued

Condensed Summary of Receipts and Disbursements Year Ended June 30, 1971

TEMPORARY CONTINGENCY CHECKING ACCOUNT

Summary of Activity During Year:

Balance, June 30, 1970	\$	40,404.32
Receipts—Transfers from Contingency Fund		138,449.56
Total	\$	178,853.88
Disbursements: Payrolls	\$	37,708.99
Other		130,153.57
		167,862.56
Balance, June 30, 1971	\$	10,991.32

CAPITAL IMPROVEMENT FUND

SOURCE—Transfers from Revenue Fund.

USE—To make good any deficiencies in the Debt Service Reserve Fund and the Contingency Fund and thereafter for other purposes as set forth in Section 5.09 of the Trust Indenture, as a replacement reserve for the Central "C" System and as provided in the "D" System agreement.

Summary of Activity During Year:

Balance, June 30, 1970	\$	3,486,767.70
Receipts—Transfers from Revenue Fund		633,326.82
Total	\$	4,120,094.52
Disbursements—		
Transfers to Capital Improvement Disbursing Account	\$	1,616,746.40
Balance, June 30, 1971 (for use as indicated above)	\$	2,503,348.12

CAPITAL IMPROVEMENT DISBURSING ACCOUNT

Summary of Activity During Year:

Balance, June 30, 1970	\$	17,020.13
Receipts—Transfers from Capital Improvement Fund		1,616,746.40
Total	\$	1,633,766.53
Disbursements:		
Payrolls	\$	436,457.12
Other capital additions		1,096,075.01
		1,532,532.13
Balance, June 30, 1971	\$	101,234.40

EXHIBIT E—Continued

Condensed Summary of Receipts and Disbursements Year Ended June 30, 1971

SPECIAL RESERVE FUND

SOURCE—One-half of any monies remaining in the Revenue Fund on January 1 and July 1 of each year after meeting all requirements of the Operating Fund, the Interest Fund, the Bond Fund, the Debt Service Reserve Fund, the Contingency Fund, and the Capital Improvement Fund as set forth in Section 5.10 of the Trust Indenture.

USE—For redemption of the Authority's bonds, construction or acquisition of improvements, extensions or betterments to the System or for any other lawful purpose of the Authority as the Authority may determine.

Summary of Activity During Year:

Balance, June 30, 1970	\$	384,996.77
Receipts—Transfers from Revenue Fund		458,336.90
Total	\$	843,333.67
Disbursements—Transfers to Operating Fund		32,744.12
Balance, June 30, 1971	\$	<u>810,589.55</u>

CONSTRUCTION FUND

SOURCE—Sale of \$51,600,000.00 Electric Revenue Bonds, Series of 1967, and interest earned on investment of bond proceeds as provided in the Third Supplemental Trust Indenture.

USE—Payment of (1) the proper costs and expenses incurred by the Authority in connection with the issuance of the 1967 bonds, (2) the costs of acquiring and constructing an addition to the Jefferies steam electric generation plant, and (3) part of the cost of certain additions, improvements and extensions to the Authority's System.

Summary of Activity During Year:

Balance, June 30, 1970	\$	5,346,416.80
Interest earned on investment of funds		188,372.42
Total	\$	<u>5,534,789.22</u>
Deduct:		
Transfers to Construction Revolving Fund \$	1,967,241.66	
Transfers to Construction Fund Disburse-		
ment Account	1,211,423.48	3,178,665.14
Balance, June 30, 1971 (for use as indicated above)	\$	<u>2,356,124.08</u>

EXHIBIT E—Continued

Condensed Summary of Receipts and Disbursements Year Ended June 30, 1971

CONSTRUCTION REVOLVING ACCOUNT

Summary of Activity During Year:

Balance, June 30, 1970	\$	119,395.45
Transfers from Construction Fund		1,967,241.66
Total	\$	2,086,637.11
Disbursements—Construction costs, etc.		1,918,246.78
Balance, June 30, 1971	\$	168,390.33

CONSTRUCTION FUND DISBURSING ACCOUNT

Summary of Activity During Year:

Balance, June 30, 1970	\$	—
Transfers from Construction Fund		1,211,423.48
Total	\$	1,211,423.48
Disbursements—Construction costs	\$	1,211,423.48
Balance, June 30, 1971	\$	—

EXHIBIT F

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Statement of Source and Application of Funds, Year Ended June 30, 1971

Source of Funds:

Net income:		
Net revenue for the year	\$ 2,126,287.15	
Non-cash charges (credits):		
Depreciation	3,075,976.27	
Amortization of debt discount and expense	35,804.20	
Current portion of earnings from termination of long-term power contract ..	(105,000.00)	
Reduction in accumulated reserve for future rental payments	(142,857.98)	\$ 4,990,209.64
Customer contribution for construction		24,463.17
Total		<u>\$ 5,014,672.81</u>

Application of Funds:

Retirement of long-term debt	\$ 1,286,623.26	
Distribution to the State of South Carolina	458,336.91	
Increase in current assets	\$ 2,859,571.60	
Less, decrease in current liabilities	1,452,306.73	1,407,264.87
Increase in impounded reserve funds		717,496.37
Addition to electric plant	\$ 3,025,533.35	
Decrease in construction funds	2,990,292.72	
Balance	\$ 35,240.63	
Decrease in construction fund liabilities ..	\$ 772,259.41	807,500.04
Addition to other physical property		101,842.52
Addition to other deferred debits		235,608.84
Total		<u>\$ 5,014,672.81</u>

EXHIBIT G

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Notes to Financial Statements, June 30, 1971

Note 1—Electric Plant:

In accordance with generally accepted accounting practice, the Authority has capitalized interest as follows:

- (1) Interest during the initial construction period of the project.
- (2) Interest on the \$15,300,000.00 bond issue during the period of construction of the Jefferies steam electric generation plant.
- (3) Interest on the "A-B" loans from the Central Electric Power Cooperative during the period of construction of the Central "A-B" System.
- (4) Interest on the two gas turbine package power plants during the period of installation and testing.
- (5) Net interest costs on the 1967 Series Bonds during the period of construction of the addition to the Jefferies steam electric generation plant.

It has not been the policy of the Authority to capitalize interest on other construction. Such interest is relatively immaterial.

The Central "A-B" System is being acquired through an installment purchase contract (see Note 4), and the Authority is to receive title to the property upon payment of the full amount of the contract obligation to Central.

Note 2—Impounded Reserve Funds and Construction Funds Held by Trustee:

See schedule 1 for details of funds held by the Trustee for specific purposes. These funds are maintained and their use restricted in accordance with applicable provisions of various Trust Indentures, Central System Agreements and the Enabling Act included in the South Carolina law. For additional information, please refer to exhibit E.

Note 3—Distribution to the State of South Carolina:

The South Carolina law provides that "The South Carolina Public Service Authority is a corporation, completely owned by and to be operated for the benefit of the people of South Carolina and any and all net earnings thereof not necessary or desirable for the prudent conduct and operation of its business or to pay the principal of and the interest on its bonds, notes, or other evidences of indebtedness or other obligations or to fulfill the terms and provision of any agreements made with the purchasers or holders thereof or others shall be paid over semi-annually to the State Treasurer for the general funds of the State and shall be used to

EXHIBIT G—Continued

Notes to Financial Statements, June 30, 1971

reduce the tax burdens of the people of this State.” Under the terms of the Trust Indentures, \$458,336.91 was paid to the State Treasurer during the year ended June 30, 1971.

Note 4—Long-Term Debt Outstanding:

Electric Revenue Bonds:

Dated July 1, 1949, 2½%, due serially July 1, 1972-1989	\$ 17,389,000.00	
Series of 1950, 2.5-2.7%, due serially July 1, 1972-1993	12,635,000.00	
Series of 1967:		
Serial 1967 bonds, 4%, due serially July 1, 1973-1981 .. \$	1,175,000.00	
Term 1967 bonds, 4.1%, due July 1, 2006 (sinking fund installments due July 1, 1982-2006)	50,425,000.00	51,600,000.00
Total Electric Revenue Bonds		\$ 81,624,000.00

Contract Obligation:

Principal (funds expended during construction)	\$ 4,774,933.22	
Accumulated interest during period of construction	214,075.00	4,989,008.22
Total		<u>\$ 86,613,008.22</u>

The Contract Obligation arose through an agreement to purchase certain transmission lines (generally known as the “A-B” System) from Central Electric Power Cooperative, Inc. Interest at 2% per annum is payable semi-annually on remaining principal balances—no interest is payable on the accumulated interest. Payments on the principal and accumulated interest during construction are due in semi-annual installments which commenced January 1, 1958, and extend over a period of twenty-six (26) additional years.

The Authority is required to make monthly payments to the South Carolina National Bank of Charleston, as Trustee, for debt service as set forth in the related Trust Indentures. See exhibit E for full details of payments for debt service during the fiscal year ended June 30, 1971. Monthly payments to be made during the fiscal year, July 1, 1971, through June 30, 1972, are approximately as follows:

EXHIBIT G—Continued

Notes to Financial Statements, June 30, 1971

Interest and Bond Fund requirements:

July 1, 1971, through June 30, 1972	\$358,429.54
Debt Service Reserve Fund	73,400.00*
(* 7 months only and 1 additional month of \$26,000.00)	

Note 5—Long-Term Lease Commitments:

The Authority has lease contracts with Central Electric Power Cooperative, Inc., covering steam electric generation plant and various transmission facilities. The rental is a sum equal to the interest on and principal of Central's indebtedness to the Rural Electrification Administration for funds borrowed to construct the facilities involved. Rental payments are due quarterly. The Authority has an option to purchase the leased properties at any time during the period of the lease agreements for a sum equal to Central's indebtedness remaining outstanding on the property involved at the time the option is exercised or to return the properties at the termination of the lease.

Rental payments due in future years vary in amounts and continue for approximately 30 years. The maximum payment due in any year is estimated to be approximately \$2,070,000.00.

Rental payments during the entire life of the lease contracts are equal to annual debt service for construction costs, including interest at 2% on funds borrowed for construction.

Note 6—Contingent Liabilities:

As of June 30, 1971, no civil actions were pending on court calendars in which judgments were sought against the Authority.

Note 7—General:

Requests had already been issued by the Authority at June 30, 1971, to the Trustee to transmit appropriate funds to the fiscal agents to meet interest payments and bond maturities due July 1, 1971. Such payments have been treated on the books and in this report as having been made as of June 30, 1971.

Note 8—New Financing:

At June 30, 1971, the Authority was engaged in the necessary legal, engineering and accounting procedures preparatory to the sale of approximately \$103,000,000.00 Electric System Expansion Revenue Bonds, 1971 Series, to provide funds for the acquisition and construction of a steam electric generating station and other additions and improvements to the Authority's general plant and properties.

SCHEDULE 1
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Statement of Funds Held by Trustee for
Specific Purposes, June 30, 1971

Detail	Investments— See Below	Cash	Total
Impounded Reserve Funds:			
Debt Service Reserve Fund—			
Transferred to and held by Trustee under provisions of the Enabling Act and Indentures	\$ 8,279,722.72	\$ 19,333.37	\$ 8,299,056.09
Contingency Fund—			
Transferred to and held by Trustee under provisions of the Enabling Act and Indentures	1,200,942.64	365,044.49	1,565,987.13
Capital Improvement Fund—			
Transferred to and held by Trustee under provisions of the Enabling Act, Indentures and Agreements:			
Current construction	\$ 599,441.57		
"C" System Replacement Reserve	227,315.17		
"D" System Construction Reserve	1,676,591.38	1,955,864.47	547,483.65
			2,503,348.12
Total	<u>\$ 11,436,529.83</u>	<u>\$ 931,861.51</u>	<u>\$ 12,368,391.34</u>
Funds Held by Trustee to Meet Indenture Requirements:			
Revenue Fund	\$	\$ 1,365,095.14	\$ 1,365,095.14
Special Reserve Fund	798,348.99	12,240.56	810,589.55
Total	<u>\$ 798,348.99</u>	<u>\$ 1,377,335.70</u>	<u>\$ 2,175,684.69</u>
Construction Funds Held by Trustee Pursuant to Re- quirements of the Third Supplemental Indenture— Construction Fund:			
Cash			\$ 1,260,707.55
Investments—see below			1,086,207.51
Accrued interest			9,209.02
Total			<u>\$ 2,356,124.08</u>

SCHEDULE 1—Continued

Statement of Funds Held by Trustee for Specific Purposes June 30, 1971

Detail	Par Value	Book Value
Debt Service Reserve Fund—		
U. S. Treasury Securities:		
4%—August 15, 1971	\$ 94,000.00	\$ 94,000.00
3⅞%—November 15, 1971	100,000.00	98,593.75
5⅞%—November 15, 1971	296,000.00	295,789.38
4¾%—February 15, 1972	366,000.00	366,949.72
4¾%—May 15, 1972	221,000.00	216,391.25
2½%—June 15, 1972-67	1,725,000.00	1,725,000.00
4%—August 15, 1972	1,318,000.00	1,302,284.38
7¾%—May 15, 1973	222,000.00	223,638.52
4%—August 15, 1973	58,000.00	57,474.38
4⅞%—February 15, 1974	244,000.00	244,000.00
4¼%—May 15, 1974	58,000.00	58,000.00
5⅞%—August 15, 1974	597,000.00	578,437.51
3⅞%—November 15, 1974	577,000.00	568,660.63
5¾%—November 15, 1974	1,304,000.00	1,318,466.30
6½%—May 15, 1976	624,000.00	596,752.51
4%—February 15, 1980	270,000.00	265,950.00
3½%—November 15, 1980	30,000.00	30,000.00
3¼%—June 15, 1983-78	172,000.00	170,193.76
3¼%—May 15, 1985	75,000.00	69,140.63
Total	<u>\$ 8,351,000.00</u>	<u>\$ 8,279,722.72</u>
Capital Improvement Fund—		
U. S. Treasury Bills:		
Due September 9, 1971	\$ 320,000.00	\$ 314,861.16
Due September 30, 1971	1,180,000.00	1,164,590.51
Due August 26, 1971	480,000.00	476,412.80
Total	<u>\$ 1,980,000.00</u>	<u>\$ 1,955,864.47</u>
Special Reserve Fund—		
U. S. Treasury Bills:		
Due October 31, 1971	\$ 20,000.00	\$ 19,572.33
Due December 31, 1971	800,000.00	778,776.66
Total	<u>\$ 820,000.00</u>	<u>\$ 798,348.99</u>

SCHEDULE 1—Continued

Statement of Funds Held by Trustee for Specific Purposes June 30, 1971

Detail	Par Value	Book Value
Contingency Fund—		
U. S. Treasury Securities:		
3 $\frac{7}{8}$ %—November 15, 1971	\$ 19,000.00	\$ 18,732.81
5 $\frac{3}{8}$ %—November 15, 1971	28,000.00	27,920.63
4 $\frac{3}{4}$ %—May 15, 1972	14,000.00	13,772.50
4%—August 15, 1972	81,000.00	80,221.56
4%—August 15, 1973	19,000.00	18,784.07
4 $\frac{1}{8}$ %—November 15, 1973	50,500.00	48,803.67
4 $\frac{1}{8}$ %—February 15, 1974	20,000.00	20,000.00
5 $\frac{5}{8}$ %—August 15, 1974	15,000.00	14,511.88
3 $\frac{7}{8}$ %—November 15, 1974	52,000.00	51,145.00
5 $\frac{3}{4}$ %—November 15, 1974	41,000.00	40,128.13
6 $\frac{1}{2}$ %—May 15, 1976	17,000.00	15,883.75
7 $\frac{1}{2}$ %—August 15, 1976	25,000.00	25,000.00
7 $\frac{3}{4}$ %—August 15, 1977	21,000.00	20,917.51
4%—February 15, 1980	50,000.00	49,332.50
3 $\frac{1}{2}$ %—November 15, 1980	152,000.00	139,386.25
3 $\frac{1}{4}$ %—June 15, 1983-78	18,000.00	18,000.00
Bills due July 15, 1971	610,000.00	598,402.38
Total	<u>\$ 1,232,500.00</u>	<u>\$ 1,200,942.64</u>
Construction Fund—		
U. S. Treasury Bills:		
Due August 5, 1971	\$ 500,000.00	\$ 493,933.34
Due August 12, 1971	600,000.00	592,274.17
Total	<u>\$ 1,100,000.00</u>	<u>\$ 1,086,207.51</u>

SCHEDULE 2

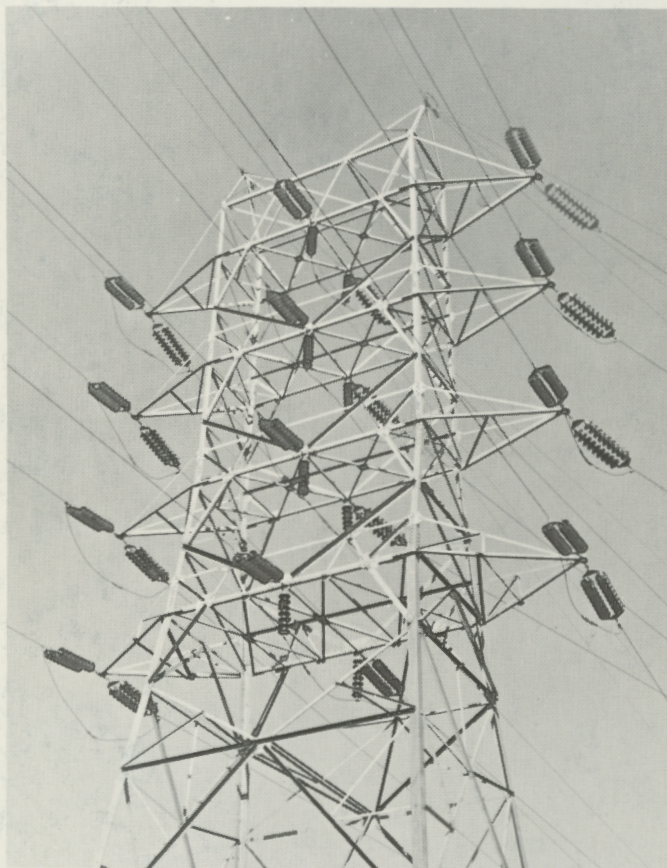
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Statement of Miscellaneous Funds, June 30, 1971

Petty Cash Funds	\$	11,925.00
Operating Fund (Use restricted under indenture provisions to reasonable and proper costs of operation and maintenance of the System)		966,831.01
Construction Funds (Use restricted under indenture provisions):		
Capital Improvement Disbursing Account	\$	101,234.40
Construction Revolving Fund		168,390.33
		<u>269,624.73</u>
Temporary Contingency Checking Account		10,991.32
Customers' Security Deposit Accounts		124,674.60
Total	\$	<u><u>1,384,046.66</u></u>

U. S. Treasury Securities Owned— Customers' Security Deposit Accounts:

	Par Value	Book Value
Bonds—4%—due August 15, 1972	\$ 20,000.00	\$ 19,826.50
Bonds—4%—due August 15, 1973	30,000.00	29,737.50
Bills due July 31, 1971	30,000.00	28,155.63
Bills due February 29, 1972	180,000.00	173,619.05
Total	<u><u>\$ 260,000.00</u></u>	<u><u>\$ 251,338.68</u></u>



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